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CONSTRUCTION SECRET

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S-TS

State Dept. declassification & release instructions on file

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GENERAL

1. US favors liberalizing Austrian occupation policy -- The Department of State has recommended to the US Delegation to the Council of Foreign Ministers meeting that, in order to avoid an undermining of the western position in Austria, an agreement be reached with the British and the French on liberalizing the four-power occupation policy. The Department suggests particularly that: (a) an effort be made to convince the British and the French of the necessity to relieve the Austrians of occupation costs; and (b) a tripartite program be presented for Vishinsky's concurrence, possibly including such proposals as the appointment of civilian high commissioners, the abolition of many of the present controls over the Austrian Government, and the reduction of military forces to the size needed for policing. The Department recommends that action along these lines be initiated informally in Paris, distinct from negotiations on the Austrian peace treaty, and that if the USSR refuses to cooperate, the three western powers should act on their own as far as possible.



23/0	enar east -	25X6
	2. PALESTINE: Israeli military ac	tivity increasing (1A-5
25X6 25X6	there has been greatly increased Israeli military activity in the Latrun and Jerusalem areas and along the entire Jordan-Israeli front recently. local authorities in Jerusalem and Arab Legion troops at Latrun believe that the Israelis are planning further operations in both areas. recommends that the US make	
	· 및	NO CHANGE in Class. DECLASSIFIED
	THE C.I.A. HAS NO OBJECTIVE TO THE DUCGASSIFICATION OF THIS DOCUMENT.	Class. CHANGED TO: TS S CO DDA Millo, 4 Apr 77 Auth: DDA Reg. 77/1763
_	NO. 629	Date: 20 MAR 1978 By: Q)8

immediate representations to Tel Aviv, without awaiting action by the UN Mediator, on the ground that protracted attempts at mediation would only give the Israelis time to prepare further aggression.

FAR EAST

3. CHINA: US to continue diplomatic contact with Nationalists—
The Department of State has advised US Counselor Clark in
Canton that it would be desirable to continue diplomatic
contact with the National Government in the event of its
withdrawal to Chungking. The Department is therefore
detailing an officer with rank of First Secretary to Chungking.